

# HOW BIG IS THE IMPACT OF COVID-19 ON THE COWORKING AND BUSINESS CENTER INDUSTRY?

COVID-19 has got the entire world in its power. Many industries are facing challenging times and some strict regulations are imposed by the government. Although there are no direct measures for the Coworking and Business Centers, changes in other industries are creating an impact on our sector as well. Or not?

Employees are recommended to work from home or are forced to due to their children. Non crucial movements are not allowed and if you cannot guarantee social distancing in the workplace, you must shut your doors and stay home. These measures have an indirect impact on our sector and changes the way we must work. Some locations have already decided to only stay open for their members, others cannot guarantee a safe and hygienic place to work and are forced to close their doors.

Bar d'Office (Belgian coworking network) and BWA (Belgian Workspace Association) are trying to figure out what the impact of COVID-19 means to our sector, mainly in Belgium. And will try to find adequate solutions to help each other.

This survey was shared with all Bar d'Office coworking locations in Belgium and all members of BWA. It was conducted between March 26 and March 30. Please keep in mind that the survey was drawn up before the government prolonged the measures on March 27<sup>th</sup> and represents a first indication

Let us have a look at the main results and findings.

## LOCATIONS IN NUMBERS

As shown in the figures below, 41% of the participants indicate to have 1 to 5 full-time subscribers and 46% of the participants indicate to have 6 or more full-time subscribers. As 34% indicates to have 1 to 5 part-time subscribers and 41% of the participants have 6 or more part-time subscribers.

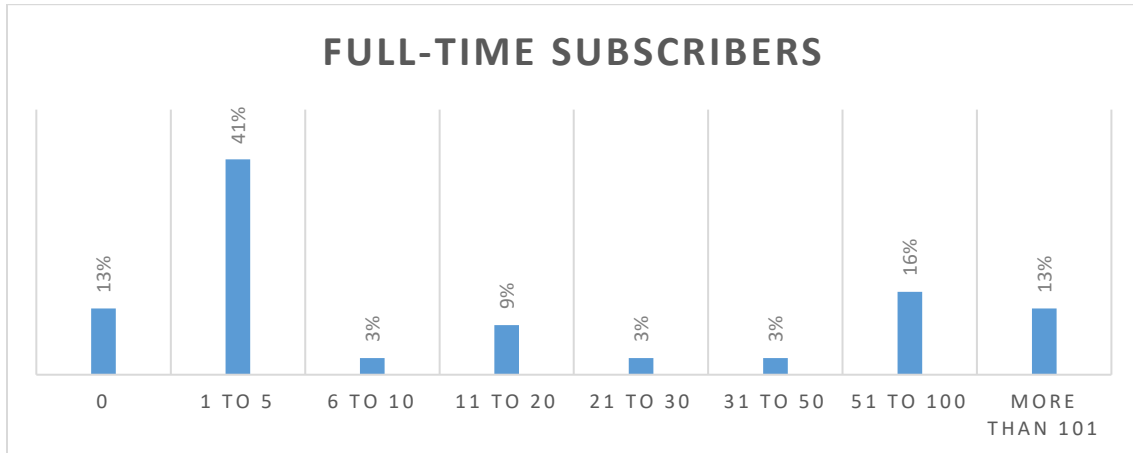


Figure A: Q8: How many full-time subscribers do you have?

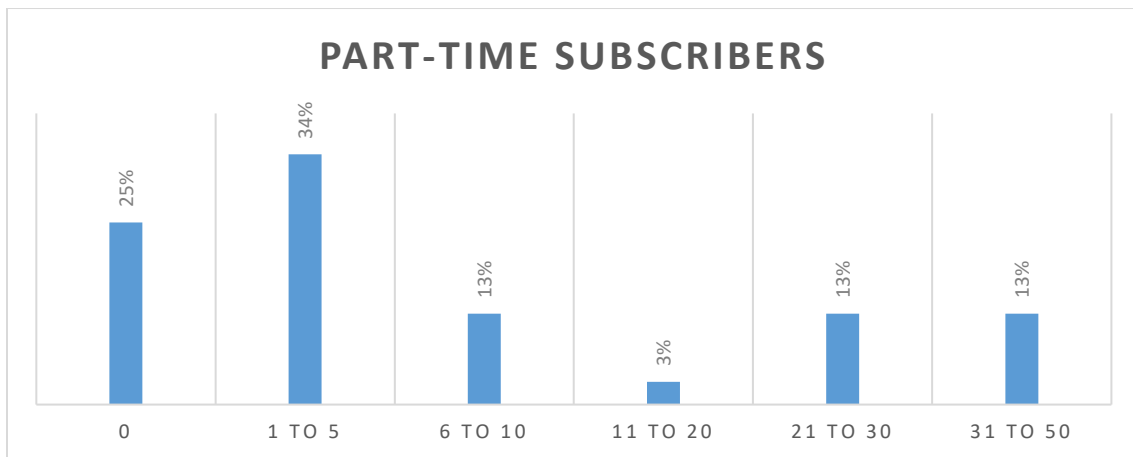


Figure B: Q9: How many part-time subscribers do you have?

31% claims to have no private offices at all, whilst 25% indicates to have 1 to 5 private offices and 22% has over 30 private offices for rent. Every participant has at least one (1) meeting room.

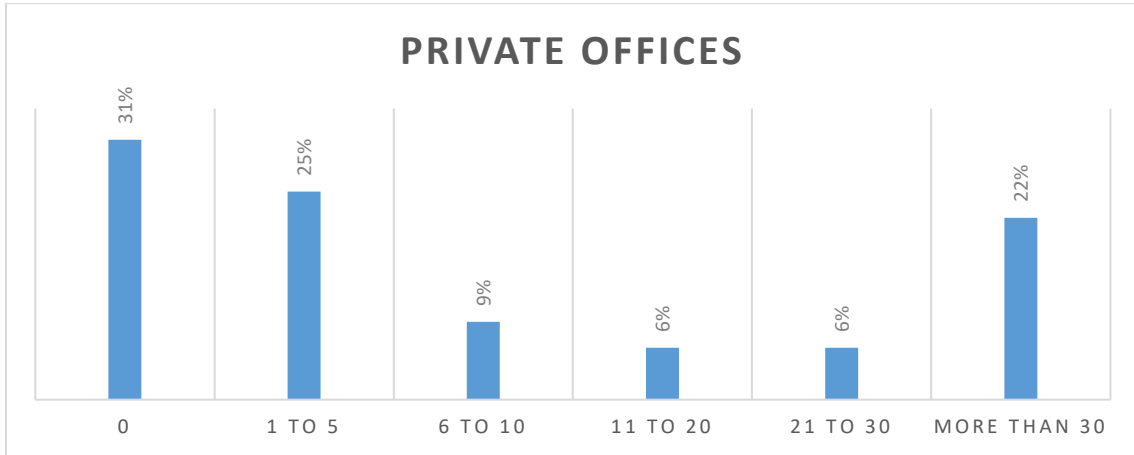


Figure C: Q10: How many private offices do you offer?

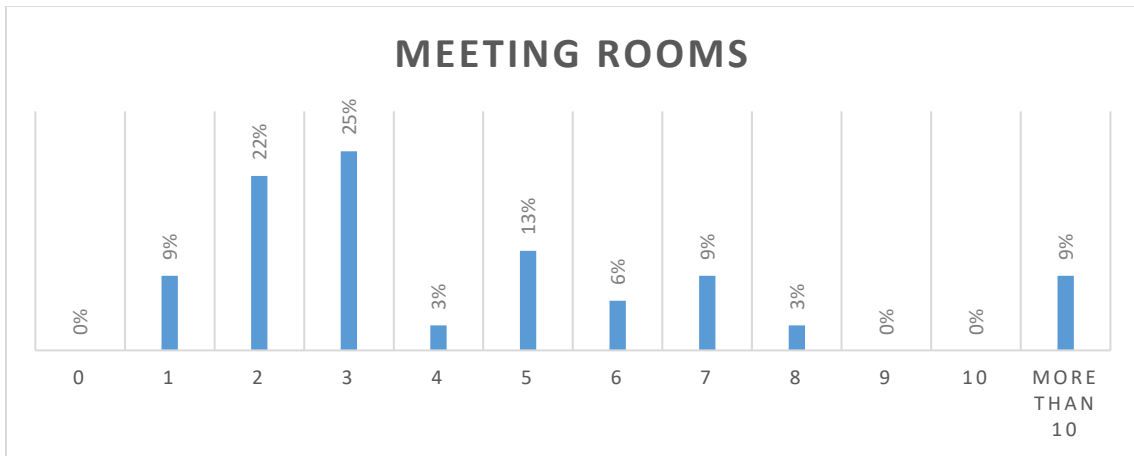


Figure D: Q11: How many meeting rooms do you offer?

## THE IMPACT ON DAILY OPERATIONS

To predict the current impact of COVID-19 on our daily operations, we have questioned our participants about their following activities: Coworking, Meetings, Events, Private offices and Consultancy. As expected, there is no positive impact at all on any of the daily operations. In general, almost all meetings and events have been cancelled. Coworking is also suffering and although Private offices and Consultancy seem relatively stable, there is also an average 50% impact to be measured.

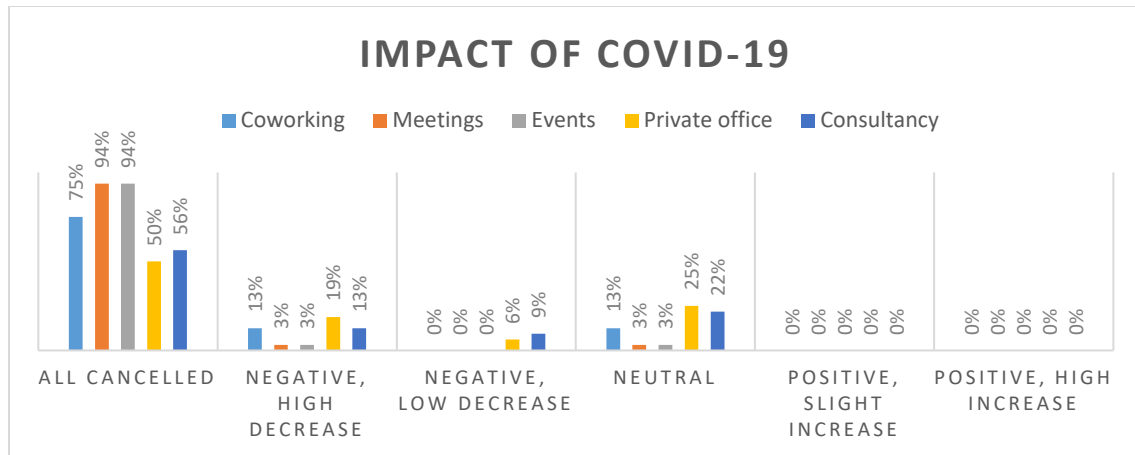


Figure E: Q17: Indicate the impact of COVID-19 on your location per activity.

Locations with a coworking zone (91% of the participants) have stated that there is a noticeable loss of the coworking turnover since the government has imposed the lock down measures. 45% of the participants notice a loss less than 25% as 41% of the participants notice a loss of over 76%.

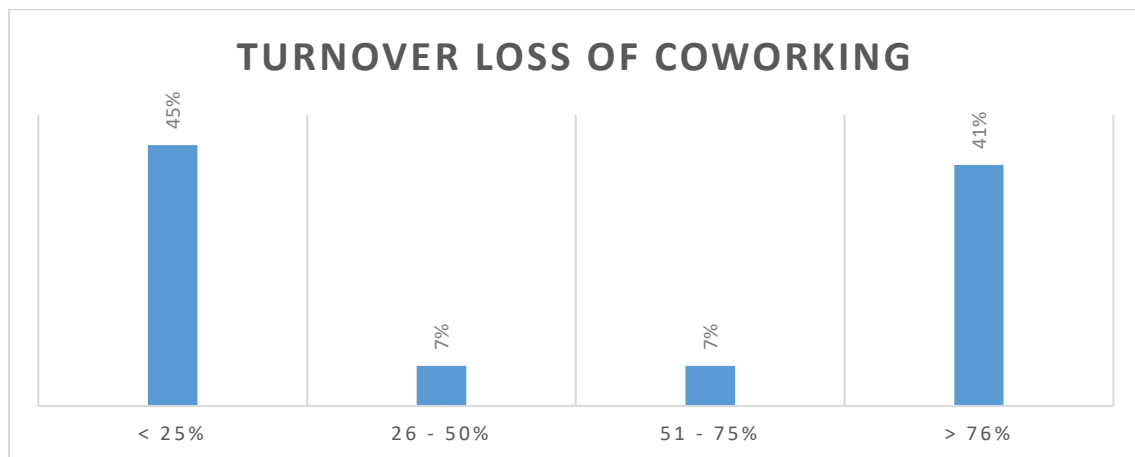


Figure F: Q25: What percentage of you coworking turnover has been lost since Thursday March 12th?

When we take a closer look at the average percentage per month of the daily activities, we notice that the majority of locations indicate to gain the major part of their revenues out of Meetings and Events followed by Coworking. Which can cause some major issues as those are the three (3) daily activities that experience the most impact of COVID-19.

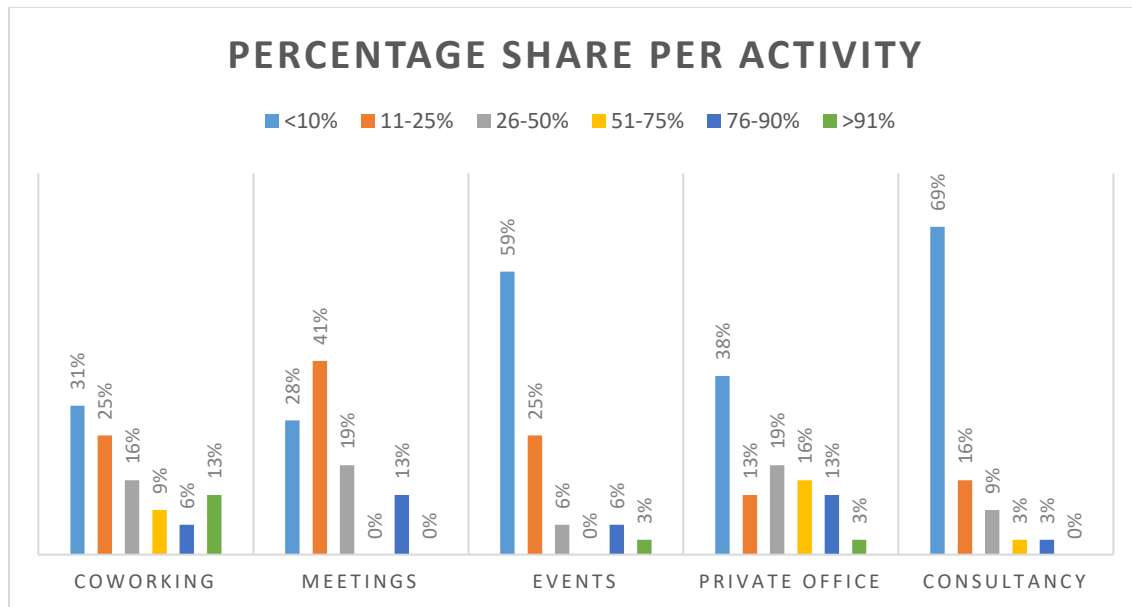


Figure G: Q13: What is the percentage share (average per month) of following activities in your revenues?

## WHAT ABOUT THE EMPLOYEES?

With a total of 258 employees (the sum of all employees of all participants), COVID-19 also has an impact on our employees / community managers. At least 72% of the respondents have had to put one (1) or more employees on temporary unemployment which makes a minimum of 90 employees that were put on unemployment (max. 153). 12% of the respondents have already had to fire between one (1) and five (5) employees which makes a total of 7 to 14 employees.

On the plus side, 72% of the respondents were able to provide an in-between solution for their employees by creating an adjusted timetable / work schedule. Which leaves 28% of the employees to still work as they usually did before the COVID-19 pandemic.

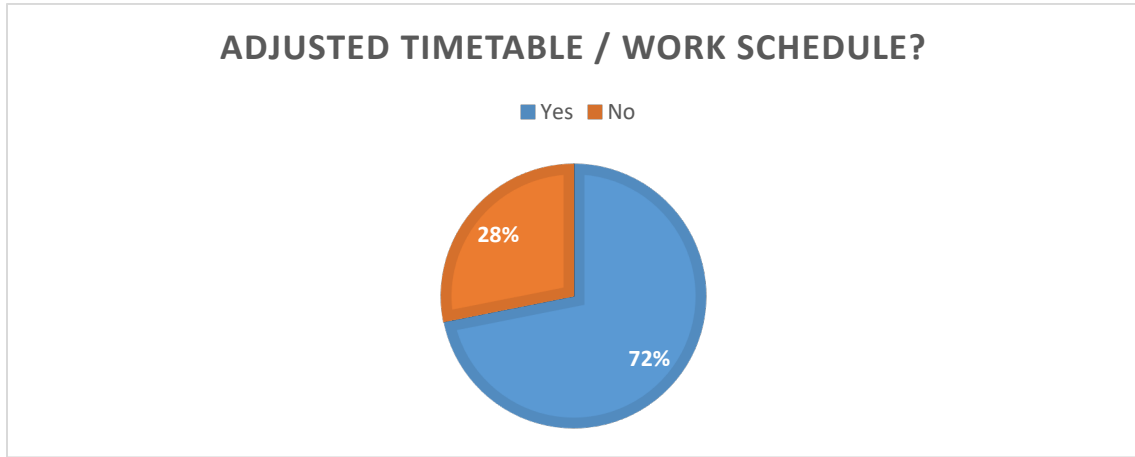


Figure H: Q32: Did you have to give your employees an adjusted timetable / work schedule?

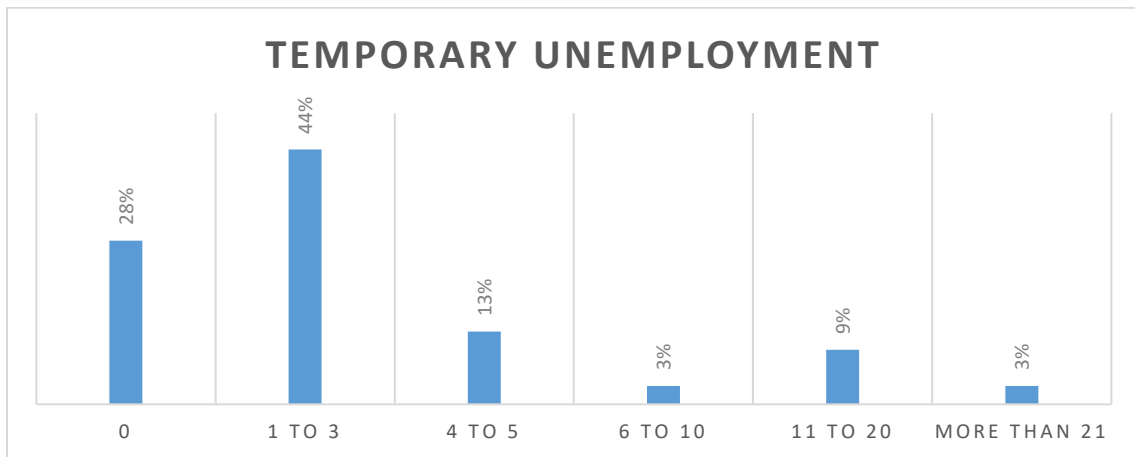


Figure I: Q33: How many employees did you have to put on unemployment?

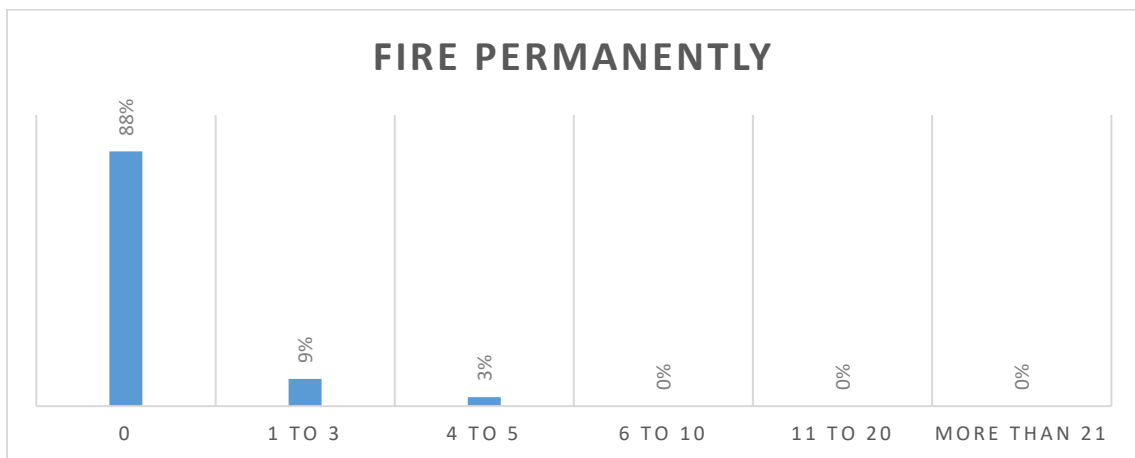


Figure J: Q34: How many employees did you have to fire permanently to cut costs?

## ARE WE ABLE TO REMAIN OPEN?

One of the main questions remains whether coworking and business centers are able to remain open as the government forbids non-essential movements and advise people to work from home. 50% of the participants stays open, but 94% of those locations maintains custom opening measures:

- 50% keeps their coworking zone open;
- 56% of all meeting rooms are closed;
- 75% of the private offices remain open;
- And 56% of the locations indicate that these custom opening measures only apply to current members. They do not allow visitors at this time.

The other 50% of the participants indicated that they have closed their doors to everyone. Not because it was a must, but because they believe it is their responsibility to keep their coworkers safe and are convinced this is the only way to do so.

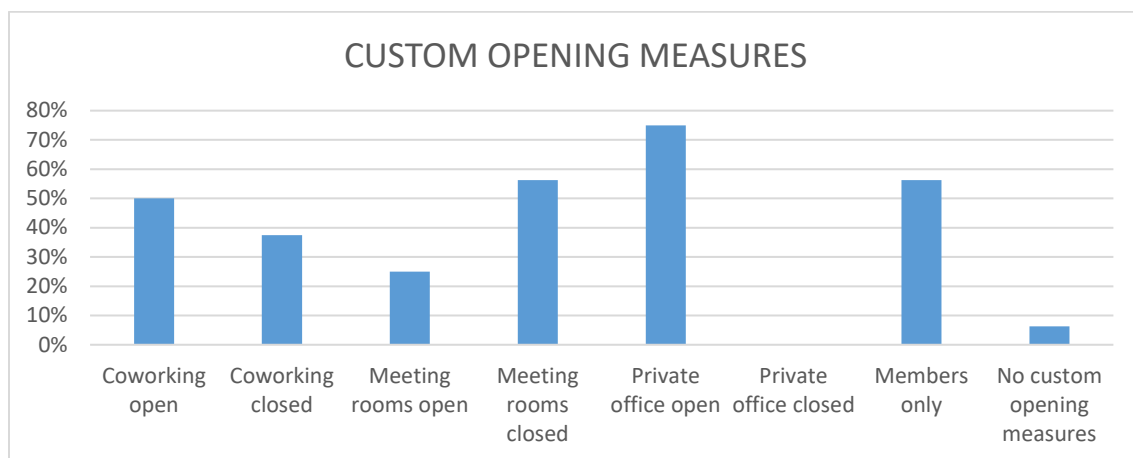


Figure K: Q15: Which custom opening measures do you have?

Every location was able to follow the imposed measures by the government (as the closed ones did as well before they decided to remain closed):

- 78% could guarantee social distancing;
- 75% increased their hygiene;
- 66% increased their disinfection of the workplaces and provided hand sanitizers;
- 63% provided paper tissues;
- But only 47% put up the documents provided by the government with some updates about the COVID-19 to keep their community informed;
- And only 38% put up the documents on what to do when you suspect to have the virus.

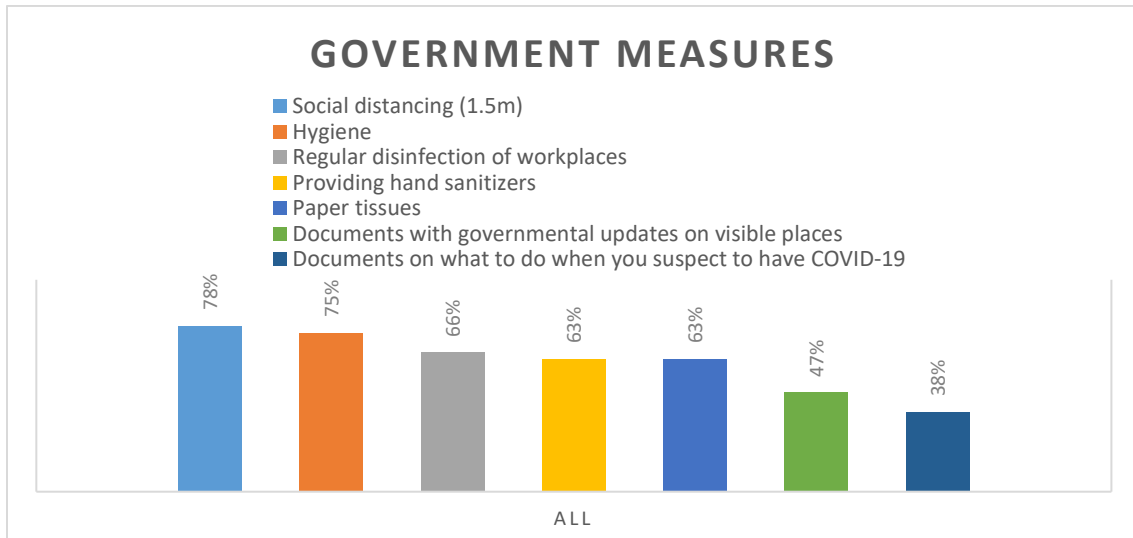


Figure L: Q14: Which necessary actions have you taken to guarantee the measures imposed by the government?

Even though some locations decided to stay open, their daily operations have changed. Only 22% of the locations is still manning their reception physically. Whilst an almost equal number of locations decided to manage their reception digitally (25%). 50% of the locations is still offering postal services for their community. But a remarkable 41% is offering no services at all. Which could lead up to the question whether subscribers must be provided with a financial compensation as well. Some locations provide other options such as digital talks with their community, protection shields or e-learning.

6% of all participants indicate to have made some extra costs in order to comply with the government measures. An increase on hygienic measures, a higher frequency of disinfection and the installation of reception shields are the most common costs. One participant also mentioned that one of their employees is living at their location at the moment, to function as a janitor.

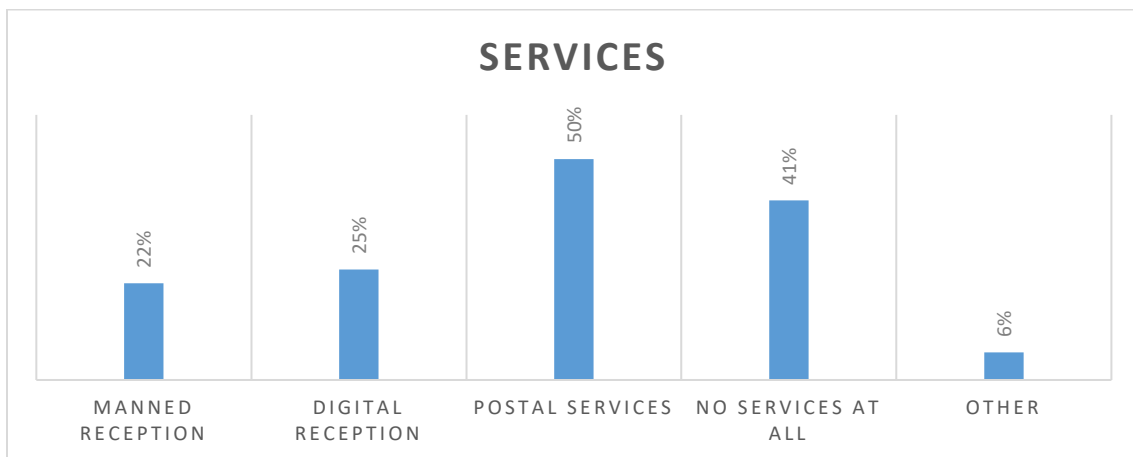


Figure M: Q16: Which services do you still provide for your subscribers?



## THE IMPACT ON COWORKING ZONES

91% of the participants indicated to have a coworking zone at their location. Every participant was asked to estimate the impact of a declining occupancy rate of coworkers on their location. As zero (0) was used to indicate no impact at all, ten (10) stated a very large impact. The average impact indicated by the participants is 9.

The impact can already be noticed in the type of questions locations receive from their customers: 59% of the participants have already received questions regarding payment plans and 52% of the participants have already some terminations of subscriptions. But 7% of the participants notice a termination of 26-50% of their subscribers. It is not known whether these terminations are final or whether these subscriptions will be reactivated after the pandemic.

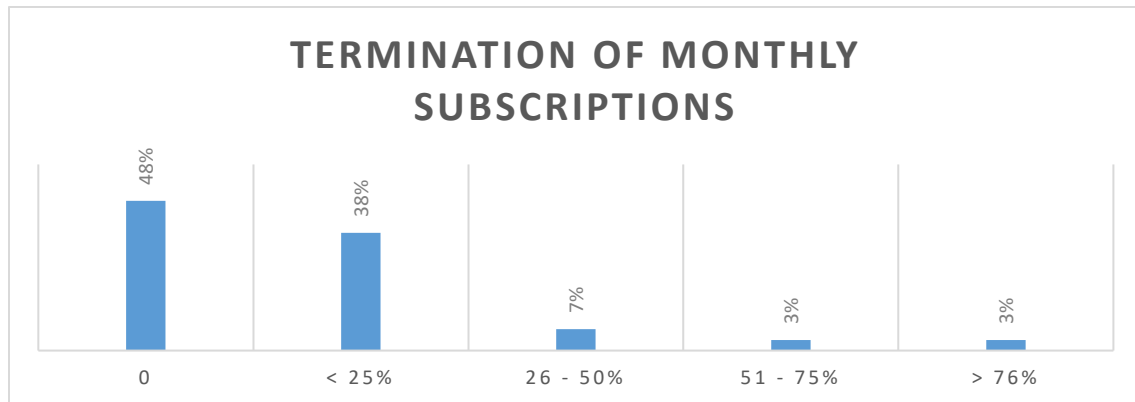


Figure N: Q23: Have you already noticed some terminations from your monthly subscribers?

Should we offer our customers a financial compensation or not? 72% of the locations with a coworking zone have indicated that their coworkers have already asked for a financial compensation.

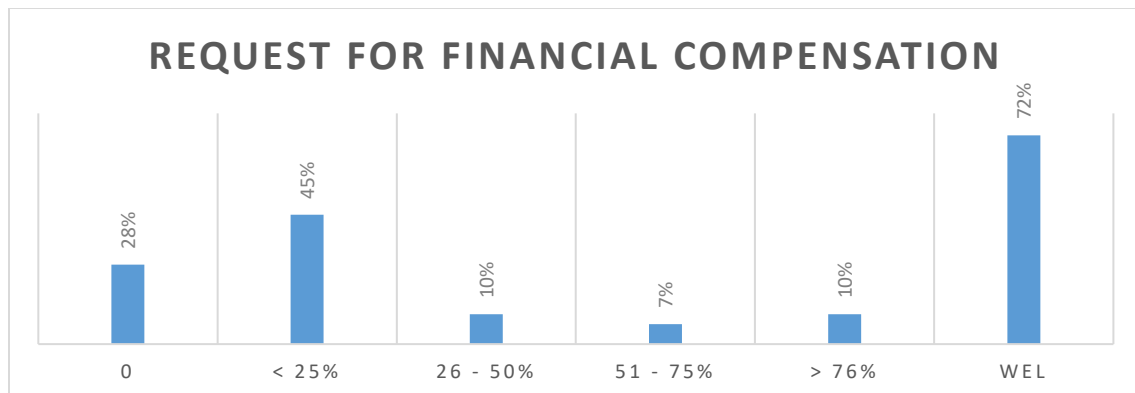


Figure O: Q20: Indicate in a percentage how many of your customers have already requested a financial compensation?

We have asked which compensations have already been handed out and to which compensations our participants would be open to. Those who have handed out some compensations (66%), were not imposed to do so by any organization. They have proactively taken the decision to do so.

All participants with a coworking zone indicate to be willing to hand out the following compensations:

- Suspension of subscription during period of crisis (31%);
- Loyalty reward after period of crisis (21%);
- Payment plan (21%)
- Reduction on subscription during period of crisis (31%);
- One free month (21%);
- None (14%).

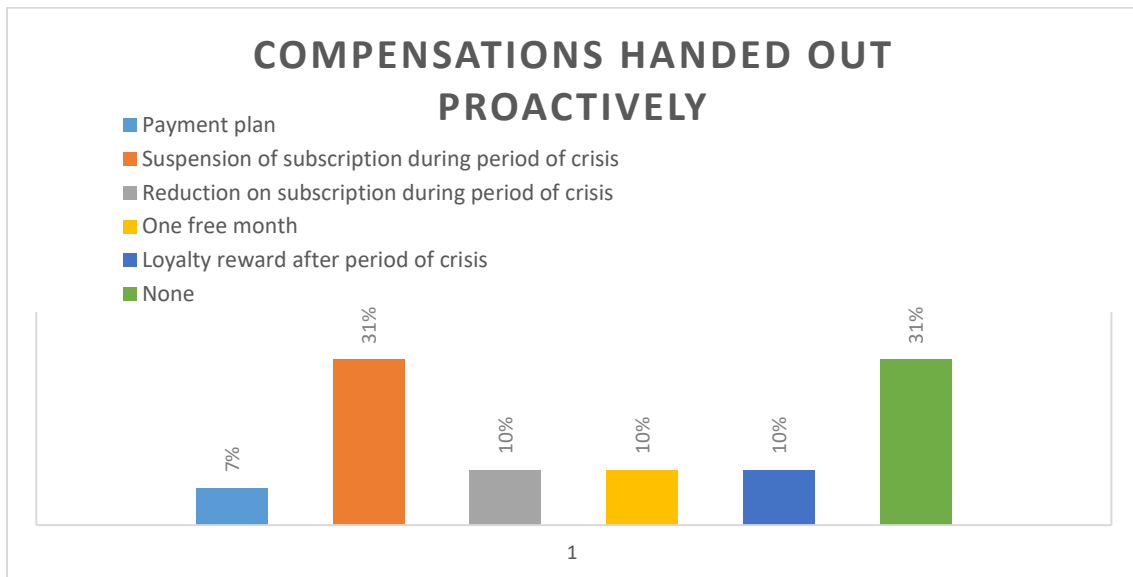


Figure P: Q21: Indicate which compensation you have already handed out proactively?

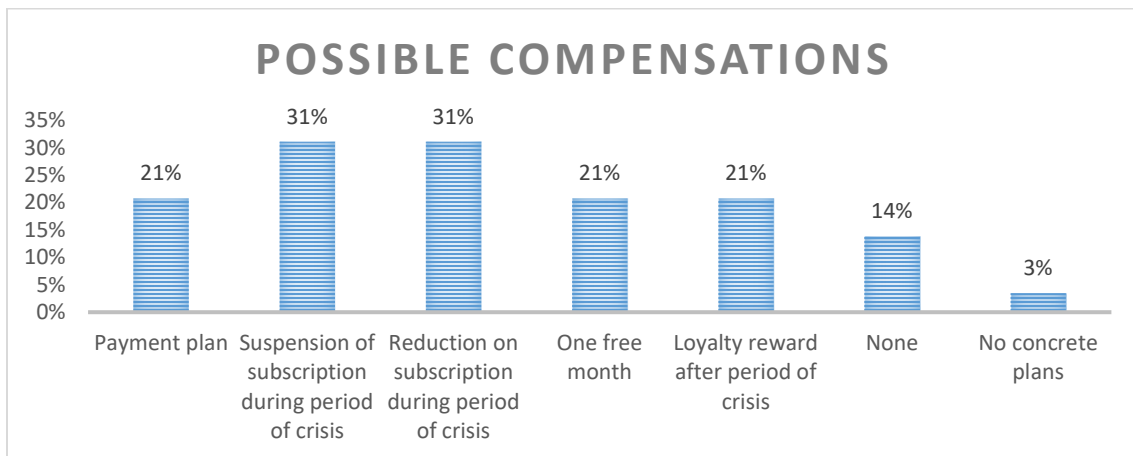


Figure Q: Q22: Which compensations would you be open to?

## THE IMPACT ON MEETING ROOMS AND EVENTS

94% of the participants indicate to have meeting rooms. Every meeting that was planned between March 12<sup>th</sup> and April 5<sup>th</sup> has already been cancelled, which is a logical consequence due to the government measures. But it causes a great loss in revenues as the locations only expect a few of the cancelled meetings to be rescheduled. 80% of the locations expect less than 50% of the cancelled meetings to be rescheduled after the crisis and 20% expect this number to be higher than 51% of the cancelled meetings.

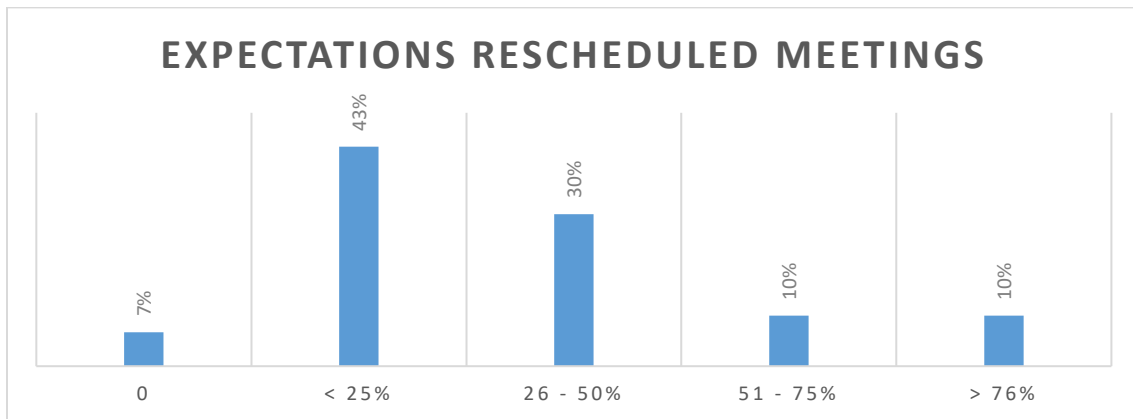


Figure R: Q28: What percentage of these meetings (as estimated) will be rescheduled for after the crisis?

The same goes for the events. 78% of the participants have indicated to organize events and 97% of these events were cancelled between March 12<sup>th</sup> and April 5<sup>th</sup> as the government restrictions imposed as well. The expectations about events that may be rescheduled after the crisis are quite similar as to the expectations about rescheduled meetings. 16% of the participants expect no events at all to be rescheduled as 64% expect less than 50% of the cancelled events to be rescheduled and 20% believes over 75% of the cancelled meetings will be rescheduled.

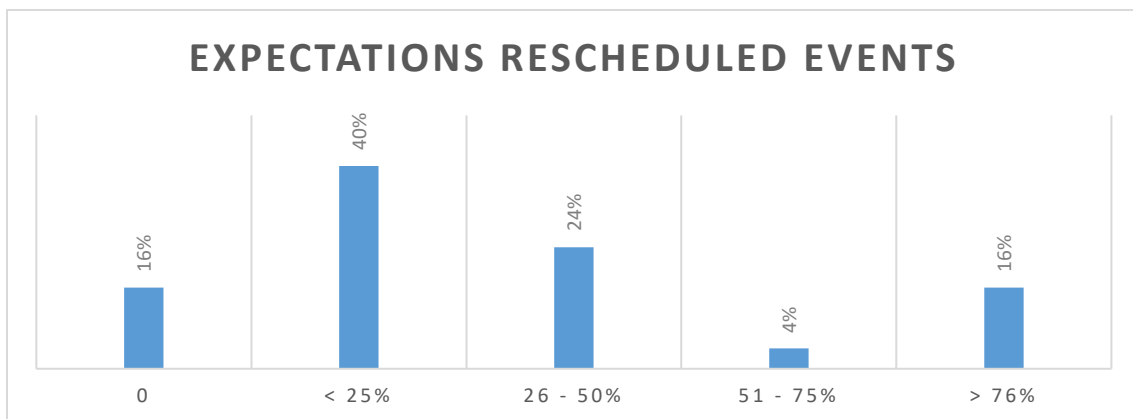


Figure S: Q31: What percentage of these events (as estimated) will be rescheduled for after the crisis?

## WHAT WILL THE FUTURE BRING?

It is impossible to predict the future as there is too much uncertainty about the pandemic. Experts expect the crisis to last for at least 10 weeks, but rumours indicate it may last until after the Summer vacation. It is also uncertain whether the government will impose more restrictions or measures and whether these will increase or decrease in time.

Fortunately, 53% of the locations are convinced that the COVID-19 crisis will only result in a permanent loss of less than 10% of their current customers. Only 6% of the participants expect to lose over 51% of their customers permanently after the pandemic.

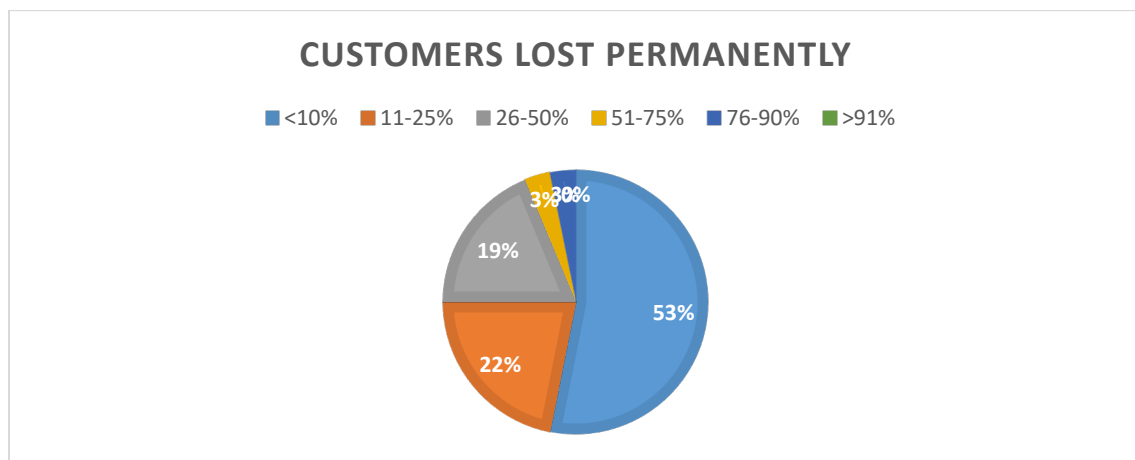


Figure T: Q37: What percentage of your customers do you estimate to have lost permanently?

The opinions are divided as to how many months the participants think they need to achieve the same turnover as before the pandemic. Fortunately, no one estimates it to be over a year. Most participants (47%) believe to need three (3) to six (6) months to be fully operable again, followed by seven (7) months to one (1) year (28%).

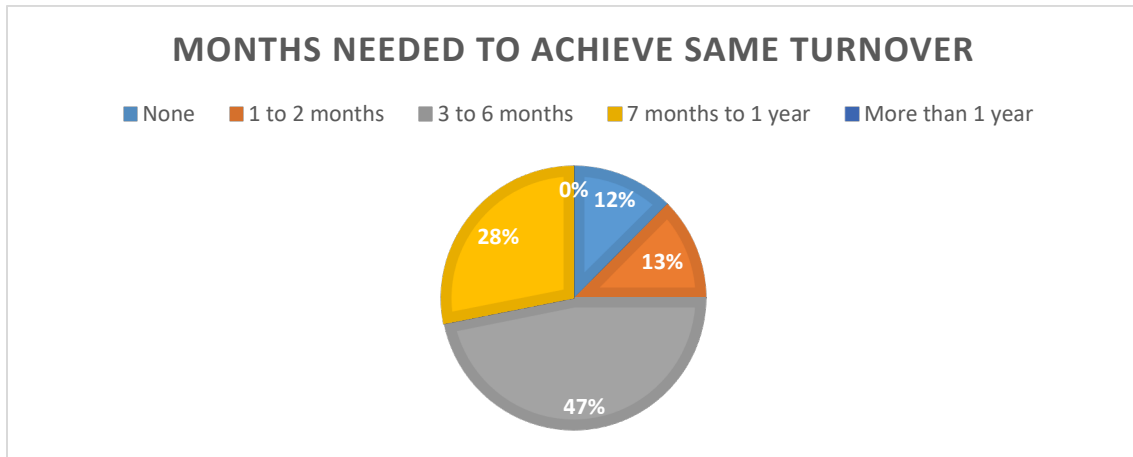


Figure U: Q38: How many months do you think you will need to achieve the same average turnover as before the outbreak?

The time needed to achieve the same turnover causes more uncertainty about the future as 22% of the participants indicate they cannot take any additional measures after the pandemic to reactivate their business. Simply because they do not have the financial resources in order to do so. The other measures that were rated, to reactivate businesses, are:

- Increased marketing efforts: 63%
- Increased sales efforts: 34%
- Increase our services: 19%
- I will maintain my current services: 22%
- I cannot take any additional measures: 22%
- Unclear for now: 3%

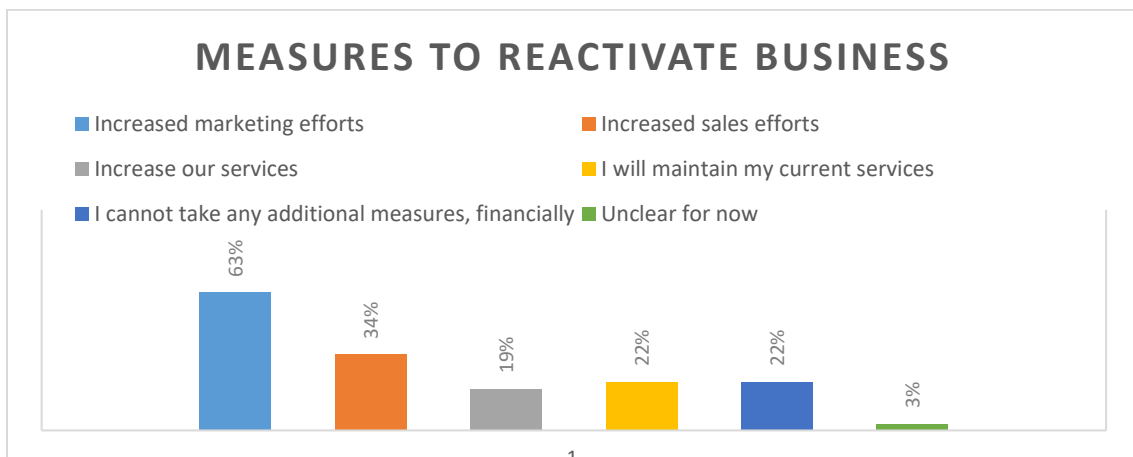


Figure V: Q39: Which measures will you be taking to reactivate your business?

We have also asked our participants for their opinion regarding a few statements.

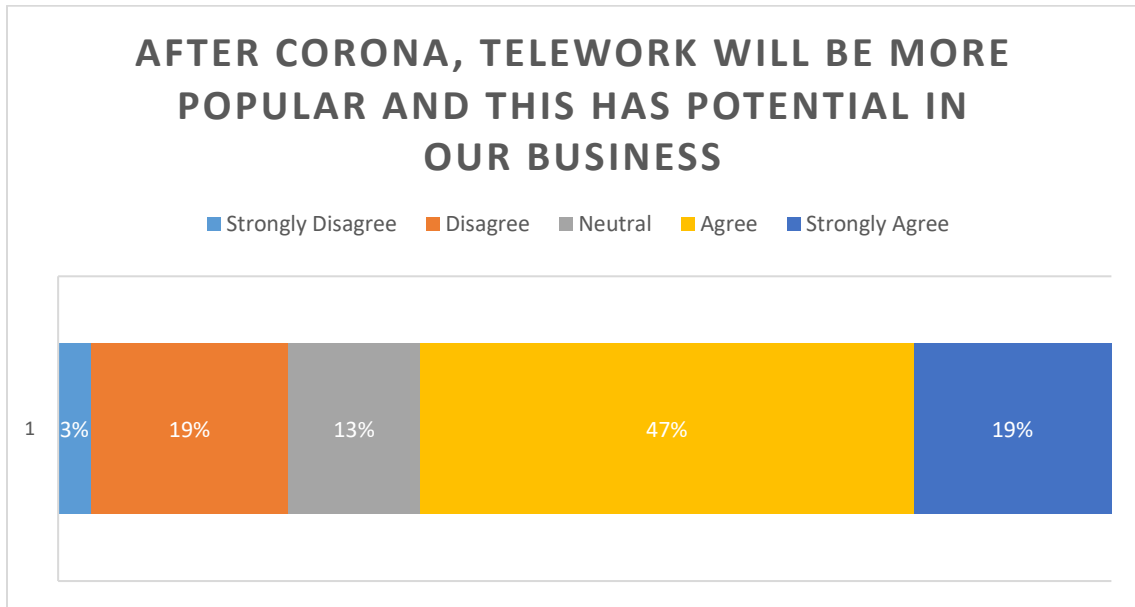


Figure W: Q40: Please indicate which statements you consider most likely

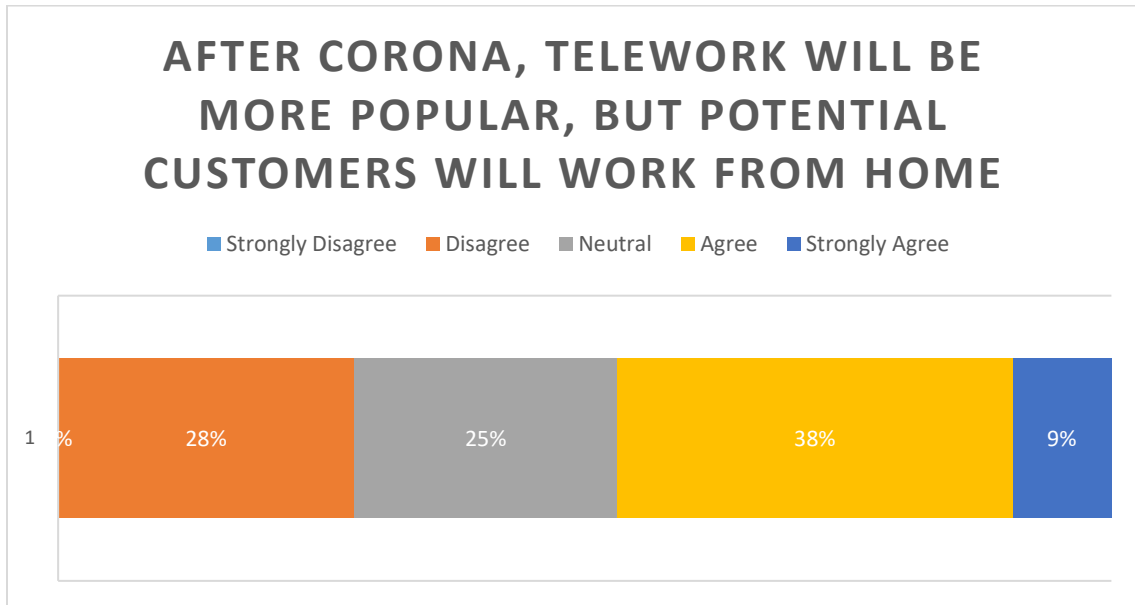


Figure X: Q40: Please indicate which statements you consider most likely

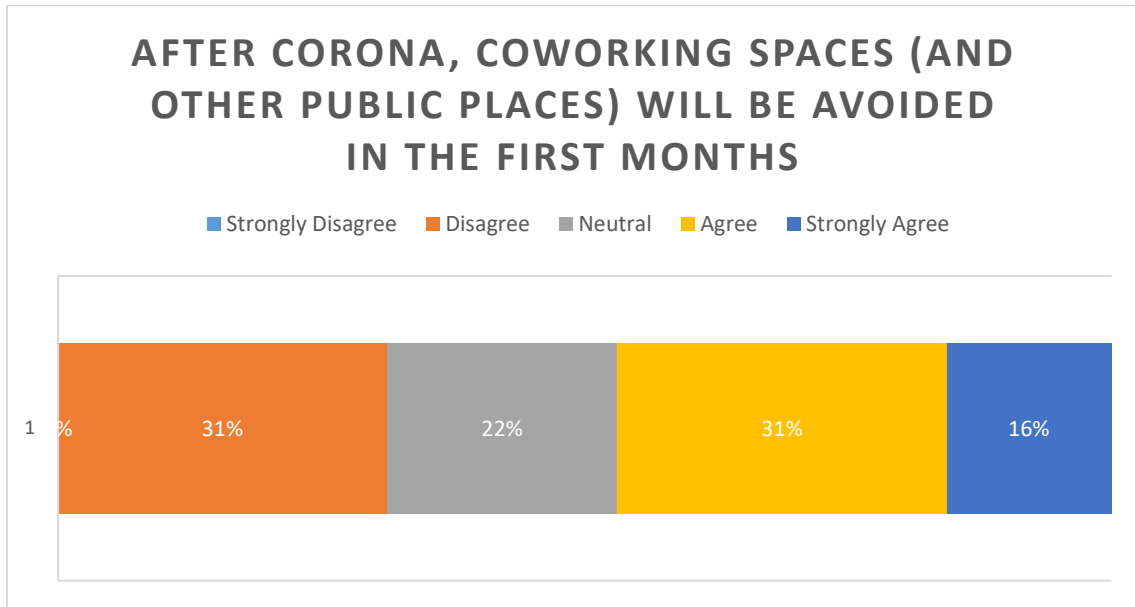


Figure Y: Q40: Please indicate which statements you consider most likely

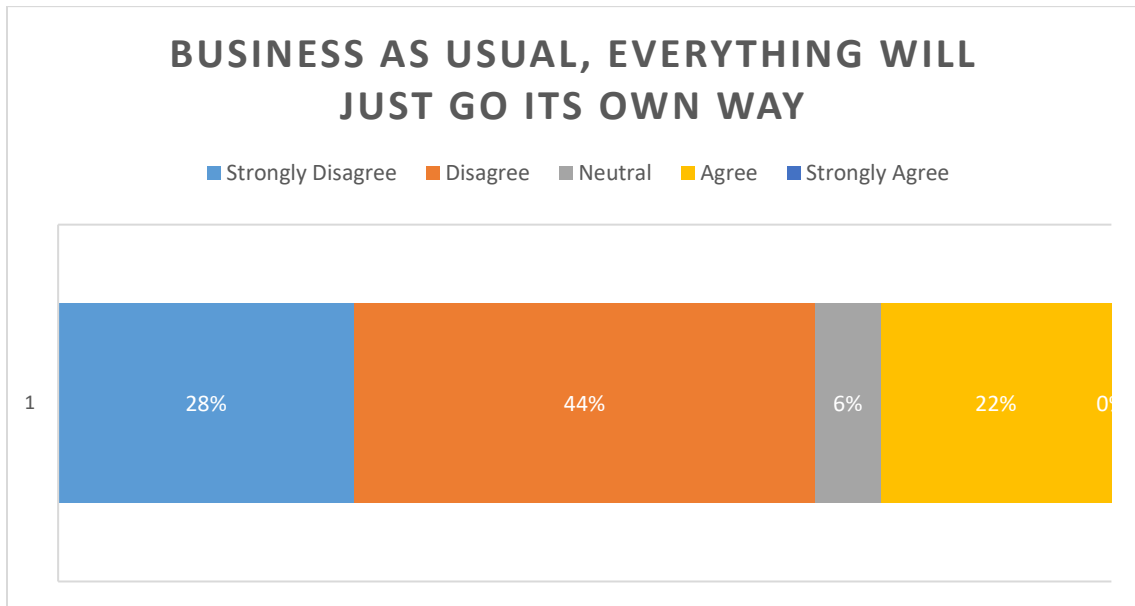


Figure Z: Q40: Please indicate which statements you consider most likely

## CONCLUSION

Even though the government does not obligate our sector to close doors, the question remains whether we should or not. As the study shows, some locations still benefit from keeping their doors open for members only. If you can guarantee the measures imposed by the government, why shouldn't we stay open? There is no need to create even more distress than there already is.

The opinions about the impact of COVID-19 are very divided, regardless of the size of the location. And even though we have conducted this survey, it is too soon to tell whether the pandemic will cause an irreversible damage to our sector.

Maybe we will encounter a shift in our target group: will we go back to the time where coworking was only used by self-employed professionals and freelancers? Or maybe we will be able to turn the work-from-home-movement into coworkers? As the responses to Q40 shows: over 72% of our respondents believe that telework will be more popular. And that is where we come in. As we can offer them the same benefits as homework, but even better: a professional environment, close to home, with no distractions.

But for now: please keep safe and stay healthy. We will keep a close eye on the developments in our sector and keep you updated.

For further questions and remarks:

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